

This record is a partial extract of the original cable. The full text of the original cable is not available.

211752Z Nov 05

UNCLAS SECTION 01 OF 03 GUATEMALA 002644

SIPDIS

DEPT PASS MILLENNIUM CHALLENGE CORPORATION FOR JIM VERMILLION
AND FRAN MCHAUGHT
TREASURY FOR JAIME FRANCO
USAID FOR ADOLFO FRANCO AND STEPHEN BRENT

AIDAC

SENSITIVE

E.O. 12958: N/A

TAGS: [ECON](#) [SOCI](#) [EAID](#) [EFIN](#) [GT](#)

SUBJECT: GUATEMALA INCREASINGLY FOCUSING ON HEALTH AND
EDUCATION

1. (SBU) Summary: Although Guatemala's social indicators still lag behind most countries in Latin America, the Berger administration has made education and health a top priority and has undertaken convincing initiatives that are moving the country in the right direction. The relevant indicators are trending upwards, including in Millennium Challenge areas such as expenditures on primary education and immunization. The GOG has increasingly involved stakeholders such as private sector and civil society organizations in policy formulation and program implementation, so the long-term outlook is positive. In education, the GOG recently completed a series of consultations that culminated in the launching of "Vision Educacion," a public-private collaboration that defines national goals in education through 2025. Despite Guatemala's average educational attainment of only four years and low health indicators, a consensus has emerged that the country's human capital must improve for it to compete successfully in the global economy and achieve a more just and equitable society. The real test of this consensus will be the government's ability to raise the necessary funds to support these ambitious goals. End summary.

BUDGET COMMITMENTS

2. (U) Total revenues for 2005 are projected at just over 10% of GDP and spending just over 13%. Measured in GDP terms, GoG expenditures in 2004 were estimated at 1.21% for health and 2.5% for education, of which 1.29% was for primary education. Education and health make up over one-fifth of the administration's budget request for 2006, representing over half of discretionary spending (61% of the 2006 budget is mandated by Constitutional, legislative or debt service commitments). Tropical Storm Stan recovery efforts should alter this picture somewhat, as support comes from other agency budgets to rebuild schools and health centers.

3. (U) A recent study by the Central American Institute for Fiscal Studies (ICEF) notes the particularly high priority placed in the 2006 budget submission on primary education, which has been assigned two-thirds of the Ministry of Education's proposed budget and accounts for over three-quarters of the Ministry's 13% nominal budget increase. Unfortunately, the tradeoff is a diminished focus on pre-primary and basic level education goals, which are not adequately addressed in the 2006 budget to meet the goals of "Vision Educacion". Health spending, which increased in 2005, remains level in real terms in the 2006 proposal. However, the GOG hopes to improve the quality of spending and direct targeted increases to specific areas of greatest need such as child immunization and pre-natal care.

EDUCATION

4. (SBU) Minister of Education Maria del Carmen Acena has been one of the most dynamic and innovative members of the current Administration, boldly taking steps to confront deficiencies in the education sector. Public opinion polls rate her as one of the most effective of all ministers, suggesting that changes initiated are being felt even at local levels. She has pushed hard to develop a long-term vision for the sector through a participatory process involving civil society and the business sector. The resulting "Vision Educacion" sets targets for the future, such as 100% primary school coverage for girls and boys, reduction of illiteracy to 22% (from 29% in 2004), and revitalization of intercultural bilingual education, and identifies steps that need to be taken to get there. As a result of the Minister's efforts, Guatemala's powerful business elite is increasingly committed to long-term systematic improvement of the education sector and is matching government and donor resources with its own contributions to make this a reality.

5. (U) The current administration can be credited with

continuing support for the following positive education trends:

- Net primary school enrollment has jumped 4.4 percentage points from 2002 to 2004, increasing from 87.5% to almost 92%.
- The gross primary education completion rate has increased 5.9 percentage points from 2002 to 2004, going from 59% to 64.9%.
- The rate for girls during the same period increased by 6.2 percentage points (although girls' school completion still lags 3.2 points behind the overall).
- The first grade dropout rate has decreased four percentage points from 2002 to 2004, going from 38.4% to 34.4%.
- "Inefficiencies" in the primary school system (costs related to students who fail or repeat grades) have dropped six percentage points from 2002 to 2004, from 43% of the primary education budget to 37%.

16. (SBU) Historically, policies and investment decisions in the education sector have been made without the benefit of solid data and analysis. If gathered at all, such data were not shared or published. Today, a culture of evaluation in the education sector is being embraced by the GOG and key stakeholders such as teachers, NGOs, donors, and the private sector. Standards are being defined, testing instruments are being developed and used, and data are shared. More importantly, analysis of data is now the basis for key policy reforms and serves as the foundation for the work of Vision Education. This vision has been translated into detailed proposals for policy reforms in four key areas for the period 2005-2008: a) education quality; b) teacher development; c) improved financial management; and d) school infrastructure.

HEALTH

17. (U) Progress in the health sector is being demonstrated particularly through increased immunization coverage. This is especially impressive when compared to data from prior administrations. Immunization rates have jumped from 43% in 1995 (source: Domestic Household Survey) to 91.1% in 2003 and 94% in 2004 (source: verified Ministry of Health data). The Ministry of Health (MoH) has also unconditionally adopted an integrated strategy for child survival, health, and nutrition in Guatemala. This integrated care strategy reaches women and children at the community level and reduces morbidity and mortality--including malnutrition in children--by maximizing access to quality care services. This strategy is being implemented in 369 of the MoH's geographic areas and 7,707 smaller communities, and is benefiting approximately 3.6 million children under age five and women of reproductive age. In addition, the First Lady of Guatemala's, Creciendo Bien (Growing Well) program is using the same integrated strategy in 193 communities, reaching another 7,359 children and 6,204 women. This will be expanded to 2,000 communities by the end of 2006. The GoG uses an innovative approach to expand basic health services in rural and remote areas--rather than building government health posts, NGOs are contracted to provide basic services in accordance with the MoH standards and guidelines. This takes advantage of the inherent capacity of NGOs that already have a presence in many of these areas.

18. (SBU) Despite opposition from some elements of Guatemalan society, the Berger Government--through the MoH--has demonstrated its commitment to family planning by continuing to be the major provider of family planning services. In 2005, there were 308,914 new users reported through the public health system alone, exceeding the target of 270,000 by 14%. Couple years of protection increased to 576,531, a 9% increase in just one year. The MoH officially incorporated family planning in the basic package of services delivered nationwide. Advocacy efforts by NGOs led the Congress to assign an additional US\$3.2 million to the 2005 health budget for the National Reproductive Health Program. For the first time in Guatemala's history, the Ministry of Finance created a line item in the 2006 budget for reproductive health.

19. (U) Evidence shows that adequate medical care--including skilled attendants during labor, delivery, and early postpartum--could prevent 75% or more of maternal and neonatal deaths. At 41%, Guatemala has one of the lowest percentages of births attended by skilled health personnel. To address this problem, especially in indigenous communities, the MoH has launched a program for 120 Mayan nurses' aides to be trained as skilled birth attendants, which merges modern medicine and Mayan tradition. More importantly, the MoH has committed to include positions for these trained Mayan birth attendants on its staffing rolls, especially in predominantly indigenous areas.

10. (SBU) Comment: Increasing social sector spending and achieving greater equity have been on the political agenda in Guatemala since the Peace Accords were signed in 1996. Significant donor resources were invested in social programs during the immediate eight-year period following the Accords. However, as opposition to the corrupt Portillo administration

mounted, government effectiveness suffered noticeably and the process lost momentum. The current administration has put forth its plan and is having some success rallying private sector support for a more ambitious socio-economic agenda. Improvements in the quality of spending are already yielding results, particularly in the most sensitive areas of primary education, immunization and pre-natal care. However, spending remains modest and is still too low to meet the GoG's more ambitious goals. Private sector buy-in to the social agenda, while providing some funding and encouragement, will need to translate into support for long-term fiscal reform for all of the government's plans to become a reality.

Derham